



Habitat for Humanity®
Habitat pour l'humanité®
Canada

Financial Statements
For the year ended December 31, 2011

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Independent Auditor's Report

**To the Directors of
Habitat for Humanity Canada
Habitat pour l'humanité Canada**

We have audited the accompanying financial statements of Habitat for Humanity Canada Habitat pour l'humanité Canada, which comprise the statement of financial position as at December 31, 2011, the statements of changes in fund balances, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and fund balances.



Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Habitat for Humanity Canada Habitat pour l'humanité Canada as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Cambridge, Ontario
March 21, 2012

Habitat for Humanity Canada Habitat pour l'humanité Canada				
Statement of Financial Position				
December 31	2011		2010	
	Designated Fund	Unrestricted Fund	Total	Total
Assets				
Current				
Cash (Note 2)	\$ 1,342,298	\$ 301,666	\$ 1,643,964	\$ 1,124,828
Temporary investment (Note 3)	508,344	-	508,344	504,154
Accounts receivable (Note 4)	-	651,772	651,772	574,392
Prepaid expenses	-	44,895	44,895	49,309
Due from HFHC Foundation (Note 5)	-	453,845	453,845	418,570
Due from Unrestricted Fund (Note 6)	192,046	-	192,046	302,304
	2,042,688	1,452,178	3,494,866	2,973,557
Capital assets (Note 7)	-	11,856	11,856	29,272
	\$ 2,042,688	\$ 1,464,034	\$ 3,506,722	\$ 3,002,829
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities	\$ -	\$ 326,845	\$ 326,845	\$ 283,767
Unearned revenue	-	-	-	14,000
Due to Designated Fund (Note 6)	-	192,046	192,046	302,304
	-	518,891	518,891	600,071
Fund balances				
Internationally designated (Note 8)	2,042,688	-	2,042,688	1,703,047
Unrestricted	-	945,143	945,143	699,711
	2,042,688	945,143	2,987,831	2,402,758
	\$ 2,042,688	\$ 1,464,034	\$ 3,506,722	\$ 3,002,829

On behalf of the Board: _____ Director _____ Director

Habitat for Humanity Canada Habitat pour l'humanité Canada
Statement of Changes in Fund Balances

For the year ended December 31			2011	2010
	Designated Fund	Unrestricted Fund	Total	Total
Fund balances, beginning of year	\$ 1,703,047	\$ 699,711	\$ 2,402,758	\$ 1,812,514
Excess of revenue over expenses	339,641	245,432	585,073	590,244
Fund balances, end of year	\$ 2,042,688	\$ 945,143	\$ 2,987,831	\$ 2,402,758

Habitat for Humanity Canada Habitat pour l'humanité Canada
Statement of Operations

For the year ended December 31

2011

2010

	Designated Fund	Unrestricted Fund	Total	Total
Revenue				
Donations	\$ 984,503	\$ 312,145	\$ 1,296,648	\$ 1,590,639
Global Village Program (Note 9)	1,909,299	587,414	2,496,713	2,324,101
Government	837,564	66,462	904,026	144,132
Fees (Note 5)	-	2,601,765	2,601,765	2,524,715
Contract services revenue (Note 5)	-	1,646,579	1,646,579	1,497,817
Interest and investment income	-	14,096	14,096	9,491
	<u>3,731,366</u>	<u>5,228,461</u>	<u>8,959,827</u>	<u>8,090,895</u>
Expenses				
Contracted services	-	1,646,579	1,646,579	1,497,817
Programs and services (Note 10)	3,391,725	2,220,842	5,612,567	4,753,399
Finance and administration, governance, marketing and communications, government relations (Note 11)	-	1,095,148	1,095,148	1,187,100
Amortization	-	20,460	20,460	38,449
Loss on disposal of capital assets	-	-	-	23,886
	<u>3,391,725</u>	<u>4,983,029</u>	<u>8,374,754</u>	<u>7,500,651</u>
Excess of revenue over expenses	<u>\$ 339,641</u>	<u>\$ 245,432</u>	<u>\$ 585,073</u>	<u>\$ 590,244</u>

Habitat for Humanity Canada Habitat pour l'humanité Canada
Statement of Cash Flows

For the year ended December 31

2011

2010

	Designated Fund	Unrestricted Fund	Total	Total
Sources of cash:				
Donations	\$ 3,731,366	\$ 952,021	\$ 4,683,387	\$ 3,996,872
Sale of investment	504,154	-	504,154	500,000
Fees, contract services and other	-	4,185,060	4,185,060	3,916,089
	<u>4,235,520</u>	<u>5,137,081</u>	<u>9,372,601</u>	<u>8,412,961</u>
Uses of cash:				
Salaries and benefits	-	(2,477,859)	(2,477,859)	(2,274,913)
Purchase of investment	(508,344)	-	(508,344)	(504,154)
Purchased materials and services	(3,391,725)	(2,417,159)	(5,808,884)	(5,213,971)
Cash transfers to affiliates	-	(20,060)	(20,060)	(15,000)
Transfer to HFHC Foundation	-	(35,275)	(35,275)	(443,846)
Purchase of capital assets	-	(3,043)	(3,043)	(4,888)
	<u>(3,900,069)</u>	<u>(4,953,396)</u>	<u>(8,853,465)</u>	<u>(8,456,772)</u>
Increase (decrease) in cash	335,451	183,685	519,136	(43,811)
Cash, beginning of year	896,589	228,239	1,124,828	1,168,639
Interfund transfers	110,258	(110,258)	-	-
Cash, end of year	\$ 1,342,298	\$ 301,666	\$ 1,643,964	\$ 1,124,828

Habitat for Humanity Canada Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2011

1. Summary of Significant Accounting Policies

Nature of Business	Habitat for Humanity Canada Habitat pour l'humanité Canada (HFHC) is designated as a registered charitable organization. Incorporated in 1985, its mission is to mobilize volunteers and community partners in building affordable housing and promoting homeownership as a means to breaking the cycle of poverty. Due to its status with the government, the organization is not subject to tax.
Consistent GAAP	The accounting policies of the organization are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.
Fund Accounting	<p>HFHC follows the restricted fund method of accounting for contributions.</p> <p>The Unrestricted Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted revenues and expenditures.</p> <p>The Designated Fund reports the assets, liabilities, revenue and expenditures related to each designation. The designation of a contribution to a specific designated fund has been either externally imposed by the donor or internally imposed by the organization.</p>
Revenue Recognition	<p>Contributions related to specific projects performed by the organization and/or affiliates are recorded in the designated fund when received.</p> <p>Unrestricted donations are recognized as revenue of the unrestricted fund in the period received.</p> <p>Investment income earned on designated fund resources is recognized as revenue of the unrestricted fund when earned.</p> <p>Pledges and tithes related to special projects are reported on the cash basis due to uncertainty of collection.</p> <p>Fee revenue is recognized in the unrestricted fund when due according to the governing bylaws.</p>
Gift-in-Kind Donations	Donated materials (GIK) are recorded at fair market value when determinable.

Habitat for Humanity Canada Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2011

1. Summary of Significant Accounting Policies (continued)

Harmonized Sales Tax	As a registered charity the organization receives the public service bodies' rebate of 50% of the federal portion of the HST paid and 82% of the provincial portion of HST paid in Ontario as well as 57% of the provincial portion of HST paid in British Columbia and 50% of the provincial portion of HST paid in Nova Scotia, New Brunswick and Newfoundland.									
Capital Assets	<p>Capital assets are stated at cost if purchased or estimated fair value if donated. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Computer equipment</td><td>-</td><td>20% straight line basis</td></tr><tr><td>Office equipment</td><td>-</td><td>20% straight line basis</td></tr><tr><td>Leasehold improvements</td><td>-</td><td>20% straight line basis</td></tr></table> <p>Amortization is prorated in the year of acquisition and no amortization is provided in the year of disposal.</p>	Computer equipment	-	20% straight line basis	Office equipment	-	20% straight line basis	Leasehold improvements	-	20% straight line basis
Computer equipment	-	20% straight line basis								
Office equipment	-	20% straight line basis								
Leasehold improvements	-	20% straight line basis								
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.									
Accounting Framework	For year ends beginning on or after January 1, 2012, Not-for-Profit Organizations have the option of adopting either International Financial Reporting Standards (IFRS) or GAAP for Not-for-Profit Organizations. The existing standards in the CICA Handbook - Accounting will continue to be available until 2012, at which time they will cease to be an authoritative source of Canadian GAAP for Not-for-Profit Organizations. Accordingly, an organization that wishes to adopt GAAP for Not-for-Profit Organizations will be able to adopt the standards early. The organization intends to adopt GAAP for Not-for-Profit Organizations and does not anticipate significant changes to its financial statements on application of the new standards.									

Habitat for Humanity Canada Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2011

1. Summary of Significant Accounting Policies (continued)

Financial Instruments

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

All transactions related to financial instruments are recorded on a trade-date basis. Transaction costs are expensed as incurred.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of cash and temporary investments. They are carried on the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables

This category is comprised of accounts receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Other financial liabilities

Other financial liabilities includes accounts payable and accrued liabilities and unearned revenue. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

Habitat for Humanity Canada Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2011

2. Cash

The organization's bank accounts are held at one chartered bank. They earn interest at a nominal rate. Cash consists of bank balances net of outstanding cheques and deposits.

The organization has unused credit capacity of \$100,000 under an operating line. The operating line of credit bears interest at prime plus 0.5% and is secured by a general security agreement.

The organization has an authorized American Express credit facility available to a maximum of \$100,000, bearing interest at 30% per annum. As at December 31, 2011, the organization has utilized \$6,987 of the available credit. Subsequent to year end the credit card was paid off without interest.

3. Temporary Investment

The organization holds a guaranteed investment certificate earning interest at 0.70%, due November 14, 2012.

4. Accounts Receivable

	2011	2010
Due from affiliates	\$ 538,640	\$ 457,696
HST refund	112,994	104,727
Other	138	11,969
	<u>\$ 651,772</u>	<u>\$ 574,392</u>

Habitat for Humanity Canada Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2011

5. Due from HFHC Foundation

Habitat for Humanity Canada Foundation Fondation Habitat pour l'humanité Canada ("HFHCF") is a Public Foundation established to raise funds to support the charitable activities and programs of HFHC and its affiliates. The organization was incorporated without share capital by letters patent under the Canada Corporations Act on December 6, 2007. In 2008, the Canada Revenue Agency determined it was a registered charity and designated it as a Public Foundation.

During the year, HFHC provided management and administrative services to HFHCF. Contract services revenue is \$1,646,579, which was charged to HFHCF for these services. Licence fees charged to HFHCF totaling \$699,875 are included in fees revenue.

The transactions are measured at the exchange amount which is a percentage of the total revenue of the Foundation according to a Contract for Services.

6. Interfund Balances

The organization's unrestricted fund owed \$192,046 to the designated fund at year end. There was sufficient cash in HFHC to pay the amount owing to the designated fund at year end.

7. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 42,523	\$ 32,090	\$ 39,480	\$ 25,620
Office equipment	106,173	106,173	106,173	92,895
Leasehold improvements	52,405	50,982	52,405	50,271
	<u>\$ 201,101</u>	<u>\$ 189,245</u>	<u>\$ 198,058</u>	<u>\$ 168,786</u>
Net book value		<u>\$ 11,856</u>		<u>\$ 29,272</u>

Habitat for Humanity Canada Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2011

8. Internationally Designated

	Opening Balance	Donations	Transfers	Ending Balance
Argentina	\$ 2,361	\$ 30,890	\$ 22,708	\$ 10,543
Armenia	-	13,342	13,342	-
Bangladesh	-	1,466	1,466	-
Bolivia	8,774	113,816	93,132	29,457
Botswana	4,465	30,212	34,617	60
Brazil	-	42,086	42,086	-
Cambodia	12,640	48,554	56,411	4,783
Chile	13,573	82,583	75,995	20,161
China	-	3,050	-	3,050
Columbia	8,400	-	8,400	-
Costa Rica	37,612	17,493	55,004	100
Dominican Republic	2,000	8,510	10,500	10
El Salvador	120,010	286,474	293,204	113,280
Ethiopia	9,140	26,899	35,539	500
Ghana	268	15,705	1,388	14,585
Guatemala	26,971	117,641	115,572	29,039
Guyana	30	360	360	30
Haiti	673,323	963,145	1,029,138	607,330
Honduras	18,090	193,020	128,857	82,253
Hungary	200	200	200	200
India	8,155	57,160	49,111	16,205
Ireland	-	110	110	-
Japan	-	19,334	17,818	1,516
Jordan	1,613	10,703	12,316	-
Kenya	43,284	47,413	86,527	4,170
Kyrgyzstan	10,000	7,405	17,405	-
Lesotho	7,366	2,571	9,787	150
Malawi	-	50	50	-
Malaysia	-	19,900	-	19,900
Macedonia	1,378	8,634	9,465	547
Mexico	11,890	62,560	44,995	29,455

Habitat for Humanity Canada Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2011

8. Internationally Designated (continued)

	Opening Balance	Donations	Transfers	Ending Balance
Mozambique	4,124	63,531	67,655	-
Nepal	(69,913)	131,333	37,572	23,848
New Zealand	6,610	22,428	26,673	2,365
Nicaragua	-	98,967	49,264	49,703
Pakistan	1,508	270	1,678	100
Paraguay	5,390	49,736	50,838	4,289
Phillipines	26,710	10,944	37,504	150
Poland	(1,775)	27,752	17,822	8,155
Portugal	2,500	34,047	36,547	-
Romania	1,020	47,280	42,725	5,575
Sri Lanka	30	1,860	360	1,530
Tajikistan	42,003	59,409	101,412	-
Thailand	11,091	94,032	64,334	40,789
Trinidad & Tobago	-	20,519	18,019	2,500
Uganda	9,101	8,788	9,351	8,538
USA	25,311	183,217	171,841	36,687
Vietnam	7,827	36,636	23,724	20,739
Zambia	50	34,626	34,601	75
Southeast Asia Flood Response Fund	-	125	-	125
International Disaster Response Fund	5,570	490	-	6,060
International Undesignated	363,050	466,362	272,625	556,787
USA (Operation Home Delivery)	2,024	259	2,144	139
GVC Surplus Fundraising	49,029	40,595	59,533	30,090
GVC Surplus Expense Funds	78,315	78,805	-	157,119
GVC Bursary Fund	900	(900)	-	-
GVC Contingency Fund	82,721	17,279	-	100,000
GVC Holding Account	28,308	(28,308)	-	-
	<u>\$1,703,047</u>	<u>\$3,731,366</u>	<u>\$3,391,725</u>	<u>\$2,042,688</u>

Habitat for Humanity Canada Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2011

9. Global Village

GIK airfare contributions of \$1,005,108 are not reflected in Global Village revenue as they are netted against airfare reimbursements of the same amount.

10. Programs and Services

	Designated Fund	Unrestricted Fund	2011 Total	2010 Total
International transfers	\$1,667,119	\$ -	\$1,667,119	\$ 981,957
International transfers, Global Village Program	1,724,606	2,250	1,726,856	1,749,406
Affiliate services	-	1,509,285	1,509,285	1,332,875
International programs	-	130,960	130,960	154,208
Global Village Program	-	578,347	578,347	534,953
	\$3,391,725	\$2,220,842	\$5,612,567	\$ 4,753,399

11. Finance and Administration, Governance, Marketing and Communications, Government Relations

	2011	2010
Finance and administration	\$ 300,625	\$ 293,835
Governance	183,269	239,321
Marketing and communications	586,111	653,944
Government Relations	25,143	-
	\$1,095,148	\$ 1,187,100

Habitat for Humanity Canada Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2011

12. Commitments

The company has an operating lease for its Waterloo premises that expires in June 2014. The annual lease payment is a nominal amount.

The company entered into an operating lease for its Toronto premises expiring in May 2014, an operating lease for its Brampton warehouse expiring in December 2012 and operating leases for its equipment expiring in 2012 and 2014. The minimum annual lease payments under these operating leases are as follows:

Year	Amount
2012	\$ 145,995
2013	40,389
2014	<u>19,603</u>
	<u>\$ 205,987</u>

13. Significant Influence

HFHC exercises significant influence over HFHCF by virtue of a Contract for Service with HFHCF for raising and distributing funds. HFHC is governed by a Board of Directors at arm's length from HFHCF.

14. Capital Disclosure

The organization considers its capital to be its fund balances, designated and unrestricted. Its designated fund balances consist of amounts for designation to international programs and projects. The organization's objectives when managing capital are to safeguard its ability to continue as a going concern so it can continue to provide services to its affiliates and HFHCF. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.